



TOWN OF MILLIKEN
TOWN BOARD
AGENDA MEMORANDUM

To: Mayor Woodcock and Board of Trustees From: Kent Brown, Town Administrator and Linda Michow, Town Attorney	Meeting Date: Wednesday, May 25, 2016
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Agenda Item #	Action: X	Discussion:	Information:
Agenda Title: Adoption of Resolution 16-13, A Resolution to Update Revenues Related to Water Services Provided By The Town of Milliken Through its Fee Schedule.			
Attachments: Resolution 16-13 Current and proposed rate worksheet			

PURPOSE

To approve the amended capital improvement fee to the Town of Milliken's Fee Schedule.

BACKGROUND

During the discussion of the water rates at the Board of Trustees meeting on March 30, 2016, staff presented the Board with revenue and expenditure information in the Water Fund. Previously, the Board had been presented with an executive summary of a study of the rates prepared by Forrest Leaf, water engineer and staff members. In the summary, it states **"It is important to note that these recommended rate increases do not reflect increased rates necessary to cover capital projects needed to repair and update the existing potable and non-potable infrastructure, or to service any associated debt service resulting from such capital projects."**

The Board approved a change in the cash in lieu rate for raw water units of C-BT which reduced the cash-in-lieu to \$21,432.61. As part of that approval, the Board recommended that staff present a proposal to adjust/increase the system development charges for new connections to the Milliken water system. Forrest Leaf had completed an analysis regarding the summary of fees from new development and the total cost of development based on 2014-2018 CIP Projects. This analysis is attached as Attachment 1.

As a result, the current and proposed rates are on the following pages as per the analysis. With the seating of new Board members, the recommended cost per the analysis was presented at the May 11 work session. The Board received

comments before the meeting from one builder and another builder that was present at the meeting. After consideration, the Board directed staff to present a proposal with the change in the fine and fee schedule, Sec. 13-2-280 capital investment fee.

BUDGET IMPLICATIONS

The increased rates will be dedicated as a system development fee component of the capital investment fee dedicated to the water system improvements. There will be a major project forthcoming in regards to modifications or replacement of the Town's reverse osmosis water treatment plant. When the Board decides on a project and an estimated cost, there may be a need to approve an additional increase. This proposed increase will allow the Town to set aside funds for this necessary project.

STAFF RECOMMENDATION

Staff recommends that the Board of Trustees approve the proposed changes to the current fee schedule in order to cover capital projects necessary to repair and update the Town's existing potable and non-potable water infrastructure.

SUGGESTED ACTION

"I move to adopt Resolution No. 16-13, A Resolution of the Town of Milliken Adopting A System Development Fee Component of the Capital Improvement Fee Under Section 13-2-280 of the Municipal Code and Amending the Town's Fee Schedule In Accordance Herewith"

Resolution No. 16-13

TOWN OF MILLIKEN

A RESOLUTION OF THE TOWN OF MILLIKEN ADOPTING A SYSTEM DEVELOPMENT FEE COMPONENT OF THE CAPITAL IMPROVEMENT FEE UNDER SECTION 13-2-280 OF THE MUNICIPAL CODE AND AMENDING THE TOWN'S FEE SCHEDULE IN ACCORDANCE HEREWITH

WHEREAS, in accordance with Colorado Revised Statutes, Section 31-35-402, the Town of Milliken Board of Trustees ("Board") is authorized to operate a water system and to impose rates, fees, tolls, and charges or any combination thereof for services and facilities necessary to operate the system; and

WHEREAS, the Board has adopted fees and charges associated with its water system as authorized under state law and Article II, Chapter 13 of the Municipal Code; and

WHEREAS, the Board has caused to be performed an evaluation of the Town's current charges and fees in relation to the costs associated with operating its water system and funding new water infrastructure projects; and

WHEREAS, based on the Board's study and evaluation, it is recommended that the capital investment fee be increased by the addition of a system development fee component in order to address the Town's water infrastructure needs; and

WHEREAS, the proposed fee set forth herein is reasonable and directly related to the cost and expenses necessary to fully fund and operate the Town's water system; and

WHEREAS, by adoption of the fee set forth herein, the Town's Fee Schedule is amended to incorporate such fee.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF MILLIKEN, COLORADO:

Section 1. As authorized under Section 13-2-280 of the Milliken Municipal Code, the Board hereby adopts the following system development fee as a component of the capital improvement fee:

Municipal Code	Description	Fee
§13-2-280	Capital Investment Fees – System Development	\$2,819

Section 2. The Board of Trustees hereby amends the Town's Fee Schedule to incorporate the above fee for capital investment-system development and authorizes Town staff to make the appropriate change to the Town's Fee Schedule.

Section 3. The fee established in this Resolution shall be effective as of **May 25, 2016**, and may thereafter be amended from time to time by resolution of the Town Board of Trustees.

INTRODUCED, READ AND ADOPTED AT A REGULAR MEETING OF THE BOARD OF TRUSTEES this 25th day of May, 2016.

ATTEST:

TOWN:

Cheryl Powell, Town Clerk

Beau Woodcock, Mayor

Town of Milliken: Summary of Fees from New Development^A

Capital Investment Projects (Section 18-1-120(1))	2014 CIP Budgeted Total Cost	Budgeted & Actual Total Cost
New Alluvial Wells	\$100,000	\$100,000
New Alluvial RO Treatment (additional 329 af required to meet demand in 2018) ¹	\$2,937,123	\$2,937,123
Sub-Total	\$3,037,123	\$3,037,123
Cost Per SFU @ 180 SFU/yr projected Growth (461 af increased demand)²	\$3,375	\$3,375

¹ Cost of treatment for 329 af, which is 29% of 1,120 af annual treatment capacity at \$10/gal, Figure 4 MW&SSMPU

² From Figure 4 and includes projected commercial/industrial demand through 2018

Distribution Investment Projects (Section 18-1-120(3))	2014 CIP Budgeted Total Cost	Budgeted & Actual Total Cost
Augmentation Bypass Line*	\$302,000	\$200,000
South/Central 1 MG Storage Tank*	\$1,175,000	\$800,000
Pump Station - South Zone	\$578,000	\$578,000
Water Line Replacement Old Town	\$694,150	\$694,150
Looping - Phase 1: East Side	\$2,007,360	\$2,007,360
Looping - Phase 2: Water Tank	\$2,094,280	\$2,094,280
Alluvial Well Pipeline	\$1,000,000	\$1,000,000
Sub-Total	\$7,850,790	\$7,373,790
Cost Per SFU @ 180 SFU/yr projected Growth (461 af increased demand)	\$8,723	\$8,193

Plant Investment Fee (Section 18-1-120(2))	2014 CIP Budgeted Total Cost	Budgeted & Actual Total Cost
CWCWD System Development (109 af) ³	\$1,416,237	\$225,761
Greeley System Development (0 af)	\$0	\$0
Sub-Total	\$1,416,237	\$225,761
Cost Per SFU @ 180 SFU/yr projected Growth (461 af increased demand)	\$1,574	\$251

³ Actual Cost PIF=\$6,000/(0.927)*0.32:where \$6,000 is tap fee for SFU, 0.927=300,000 gal typical usage/325,981 gal, 0.32 is percentage of treated supply

Total Cost of Development Based on 2014 - 2018 CIP Projects	2014 CIP Budgeted Total Cost	Budgeted & Actual Total Cost
Cost Per SFU @ 180 SFU/yr projected Growth	\$13,671	\$11,819

^A Table E-1 Milliken Water & Sanitary Sewer Master Plan Update (MW&SSMPU), June 2014

* Constructed projects

Municipal Code	Description	Capacity	Ratio to 5/8"	Fee
13-2-280 Water Tap Fees (Capital Investment Fees)				
	Residential (per dwelling unit) - 5/8" Meter & Tap	20 gpm	1.0	\$9,000
	Residential (per dwelling unit) - 3/4" Meter & Tap	30 gpm	1.5	\$13,500
	Multi-Family Residential (per constructed dwelling unit) - 5/8" Meter & Tap	20 gpm	1.0	\$9,000
	Multi-Family Residential (per constructed dwelling unit) - 3/4" Meter & Tap	30 gpm	1.5	\$13,500
	Commercial/Industrial/All Other - 5/8" Meter & Tap	20 gpm	1.0	\$9,000
	Commercial/Industrial/All Other - 3/4" Meter & Tap	30 gpm	1.5	\$13,500
	Commercial/Industrial/All Other - 1" Meter & Tap	50 gpm	2.5	\$22,500
	Commercial/Industrial/All Other - 1.5" Meter & Tap	100 gpm	5.0	\$45,000
	Commercial/Industrial/All Other - 2" Meter & Tap	160 gpm	8.0	\$72,000
	Commercial/Industrial/All Other - 2.5" Meter & Tap	210 gpm	10.5	\$93,600
	Commercial/Industrial/All Other - 3" Meter & Tap	240 gpm	12.0	\$107,640
13-2-290(a)	Supplemental Water Impact Fee 1 - Centennial Master Plan Area			\$81
13-2-290(b)	Supplemental Water Impact Fee 2 - Centennial Farms Irrigation Fee			\$150
13-2-300	Water Administration Fee			\$44
13-2-280 Capital Investment Fees - System Development				
	Residential/Commercial/Industrial/All Other - per tap			\$2,819
				PROPOSED ADD.
				13-2-280